

A monthly review of trends in the energy markets compiled by Energy Link Ltd

December 2011
ELL Index
9.4 c/kWh

(at Haywards)

Other Nodes

The index referenced to:

Otahuhu	9.1 c/kWh
Benmore	9.2 c/kWh

Change

The index increased by 0.5% since mid November.

Volume

22 contracts (excluding ASX, and short term contracts) traded during the month, totaling 546.1 GWh over the period Dec -11 to Nov-16.

Contract Types

 13 FPVV (fixed price variable volume)
 9 CFD (contract for differences)

Spread

2.68 c/kWh Dec-11 to Nov-16

Location Factors

Expected location factors were updated in the previous edition of Energy Trendz.

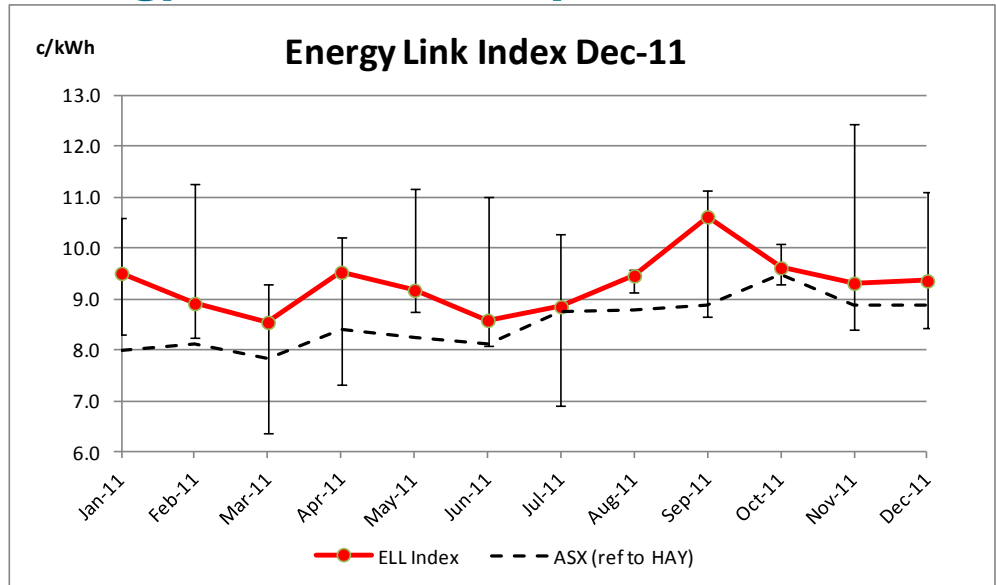
ASX Futures

Based on 3 year average 'previous settlement' dates for 2011 - 2014, as of 17th November:

Otahuhu	8.9 c/kWh
Benmore	8.8 c/kWh

ASX Prices (referenced to Haywards) are now plotted on the chart.

Energy Link Electricity Contract Index



Energy Trendz now has FPVV & CFD specific Indices, see page 2

The Energy Link Ltd (ELL) index chart shows the values over the 12 months up to the Energy Trendz publication date. All contracts are referenced to the **Haywards** reference node on the grid (lower North Island), and the error bars show the highest and lowest contract value in the 36 month period covered by the index. The index, and how to use it, are described in more detail at www.energylink.co.nz/energy-trendz.

ASX New Zealand electricity futures contracts trading is increasing but the ASX futures contracts are not included in the index.

Commentary

The **index increased this month** on a volume of twenty two contracts traded 9 CFD, 13 FPVV. The Energy Link index excludes contracts from ASX, and contracts less than 6 months in duration. As the chart on the back page shows, the total volume traded in late December-10, and to a lesser extent in May/June-11, was very large (this is likely to be generators undertaking government imposed swaps). The intervening months illustrate more typical trading volumes for the period.

The spread of prices making up the index was lower this month. Prices for the quarters varied from 8.42 c/kWh to 11.11 c/kWh when referenced to Haywards.

The volumes traded through **ASX** are generally increasing as it takes over as the key trading platform for electricity hedging. The June edition of Energy Trendz marked the start of tracking contracts traded on the ASX in the Monthly Contract Volumes chart.

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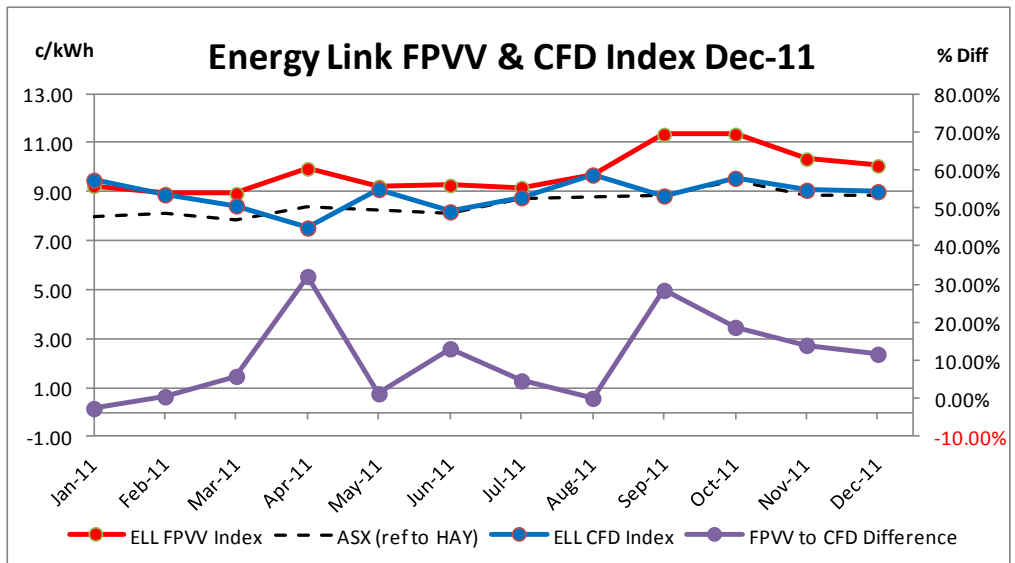
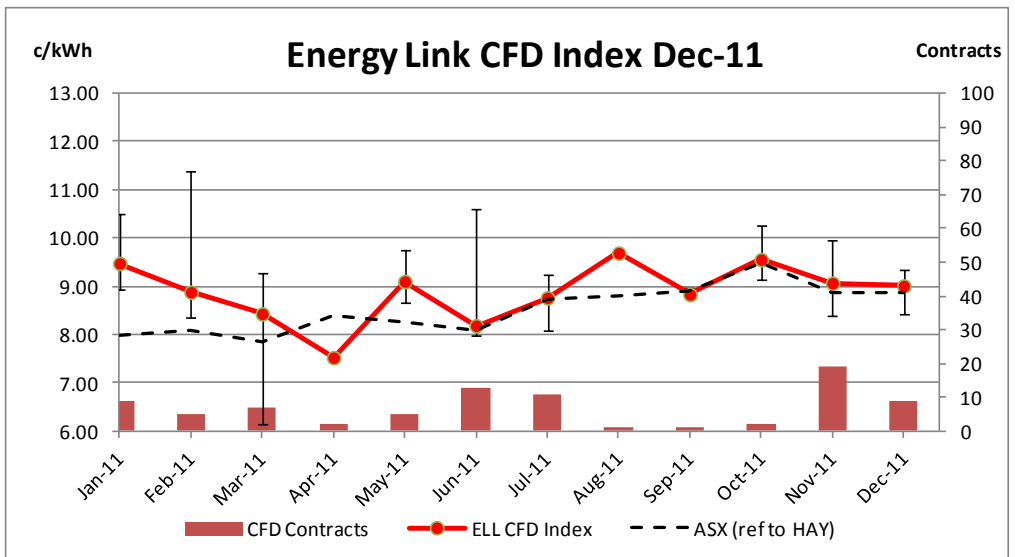
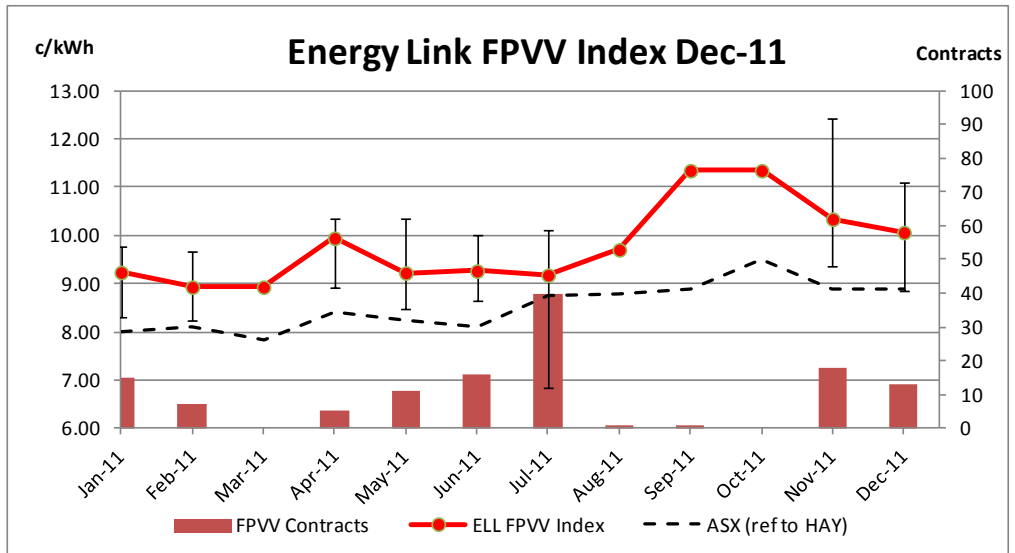
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FPVV & CFD Contract Indices

The top two charts at right break the main ELL Index into two indices focusing specifically on either FPVV or CFD contracts. This makes the premium that is priced into the FPVV contracts (for the security of having no spot exposure) more readily apparent. These graphs also show the number of contracts of each type used in the calculation of each Index value. Index values generated from low contract volumes should be used with caution.

The bottom graph compares the two indices directly and also tracks the price difference between the FPVV & CFD contracts as a percentage of the CFD price.

FPVV & CFD Electricity Contract Indices



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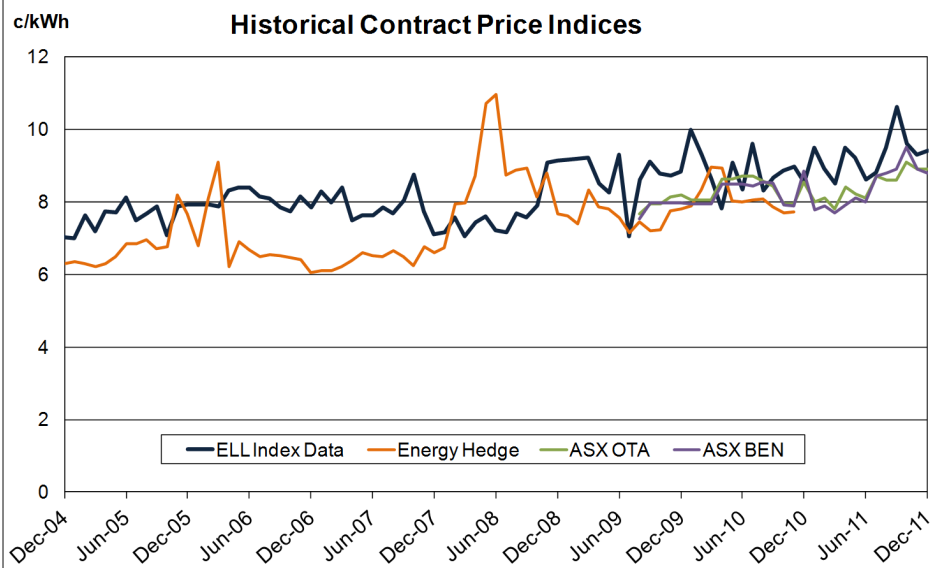
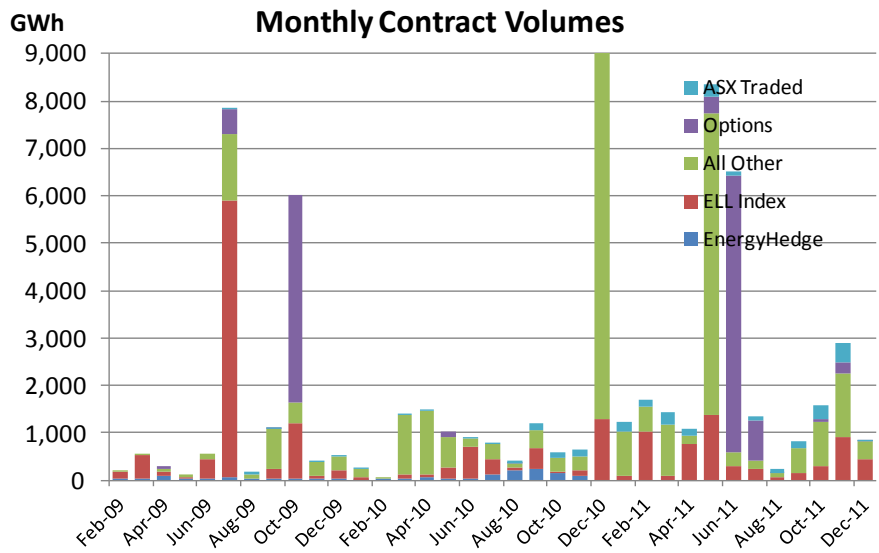
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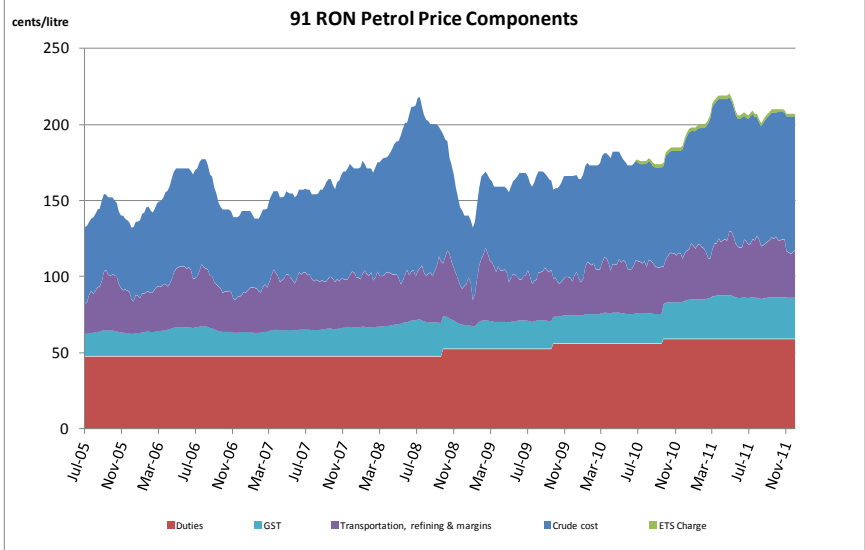
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Petrol Prices

The chart at right shows the price of 91 octane (91 RON = "research octane number") from July 2005, broken down into its 5 major components: government duties, GST, ETS, the cost of transporting and refining crude oil including the retailer's margin, and finally the spot price in NZD of crude oil on international markets. Duties, ETS and GST currently comprise 42% of the total at-pump cost (major centres) of 91, with the cost of crude at 42%.

The cost of crude decreased by 2.2% over the month and the NZD exchange rate decreased 1.5%. The 91 RON price was unchanged. More data is at www.med.govt.nz.



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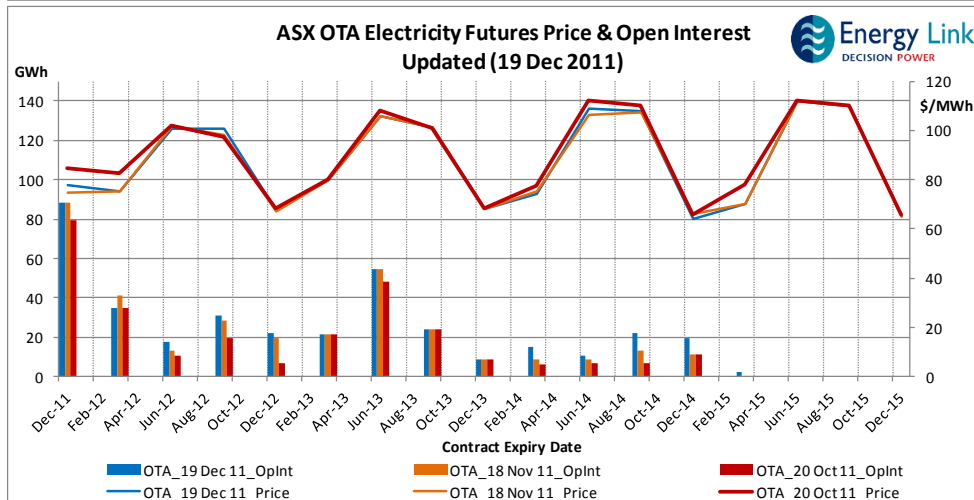
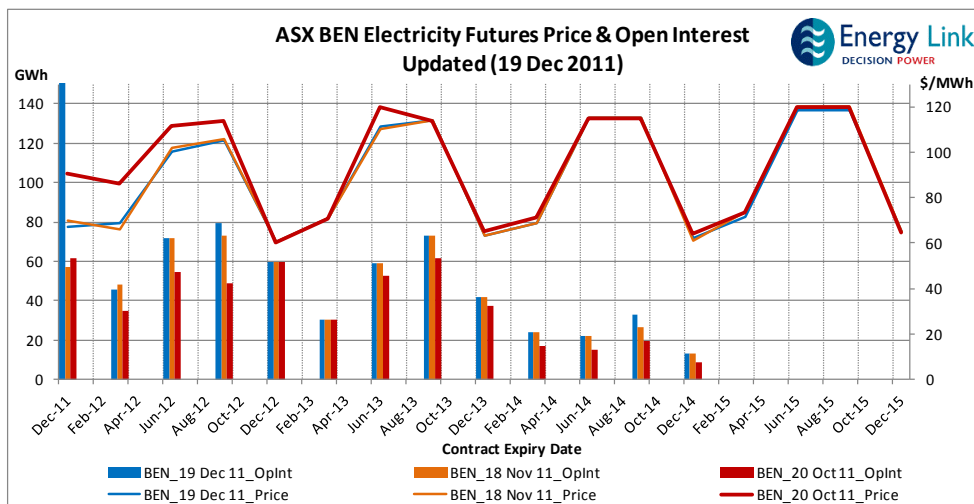
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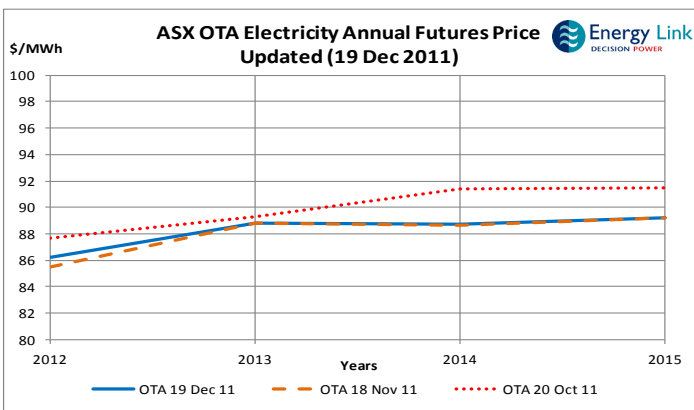
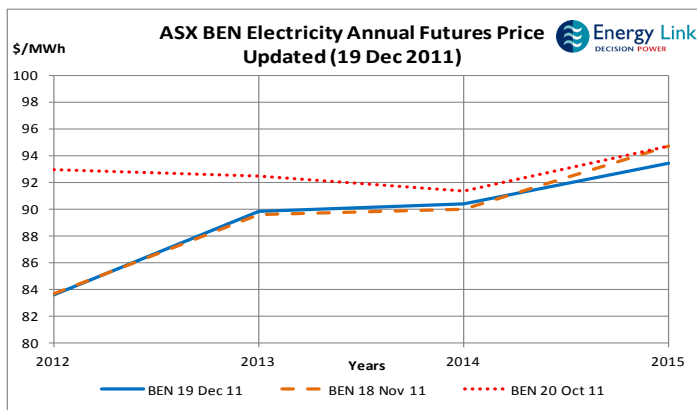
ASX Futures Prices & Open Interest



The charts above show all currently traded ASX NZ Energy Futures with Expiry Dates from Dec 2011 through to Dec 2015.

These prices are broken down to show the traded prices as they stood at the time of publishing, one month and two months prior to the time of publishing. This shows the market's changing valuation of each quarterly contract while the amount of open interest in the various contract periods shows the changing amount of energy under each contract type over the same period.

The charts below show the average cost of the four quarterly contracts in each calendar year as they stood at the time of publishing, one month and two months prior to the time of publishing.



Currently there is 723 GWh contracted at Benmore and 373 GWh contracted at Otahuhu for a total of 1096 GWh Open Interest.

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Appendix: Electricity Contract Listing

The tables below list the new Electricity Contracts that were eligible for inclusion in the ELL Indices this month.

The first table lists those contracts used to generate the indices while the second table lists those contracts that would have been eligible but were excluded as they were not entered into the Hedge Disclosure System in a timely manner.

The data source for these contracts is the Electricity Authority's "Electricity Hedge Disclosure" website (www.electricitycontract.co.nz)

Eligible Contracts

Contract ID	Type	Trade Date	Effective Date	End Date	Quantity	Area	Price	Status	Created	Duration (Days)
26428	CFD	25-Nov-2011	1-Jan-2012	31-Dec-2012	87,840	Whakamaru	80.00	Verified	1-Dec-2011	366
26488	FPVV	29-Nov-2011	1-Dec-2011	30-Apr-2013	25,681	Whakamaru	90.04	Not disputed	1-Dec-2011	517
26648	FPVV	2-Dec-2011	1-Dec-2011	30-Nov-2016	8,334	Otahuhu	96.29	Not disputed	8-Dec-2011	1,827
26649	FPVV	2-Dec-2011	1-Apr-2012	30-Nov-2016	13,572	Benmore	97.32	Not disputed	8-Dec-2011	1,705
26650	FPVV	2-Dec-2011	1-Apr-2012	30-Nov-2016	3,892	Benmore	88.75	Not disputed	8-Dec-2011	1,705
26651	FPVV	2-Dec-2011	1-Dec-2011	30-Nov-2016	5,763	Haywards	91.31	Not disputed	8-Dec-2011	1,827
26652	FPVV	2-Dec-2011	1-Jan-2012	30-Nov-2016	7,118	Otahuhu	96.65	Not disputed	8-Dec-2011	1,796
26653	FPVV	2-Dec-2011	1-Dec-2011	30-Nov-2016	30,675	Otahuhu	106.99	Not disputed	8-Dec-2011	1,827
26654	FPVV	2-Dec-2011	1-Apr-2012	30-Nov-2016	50,305	Islington	109.42	Not disputed	8-Dec-2011	1,705
26655	FPVV	2-Dec-2011	1-Dec-2011	30-Nov-2016	3,585	Haywards	101.86	Not disputed	8-Dec-2011	1,827
26656	FPVV	2-Dec-2011	1-Dec-2011	30-Nov-2016	1,706	Whakamaru	91.56	Not disputed	8-Dec-2011	1,827
26657	FPVV	2-Dec-2011	1-Dec-2011	30-Nov-2016	7,062	Islington	109.30	Not disputed	8-Dec-2011	1,827
26658	FPVV	2-Dec-2011	1-Dec-2011	30-Nov-2016	6,110	Whakamaru	94.31	Not disputed	8-Dec-2011	1,827
26659	FPVV	2-Dec-2011	1-Dec-2011	30-Nov-2016	43,827	Whakamaru	90.07	Not disputed	8-Dec-2011	1,827
26708	CFD	5-Dec-2011	1-Jan-2012	31-Dec-2014	43,928	Otahuhu	88.93	Not disputed	9-Dec-2011	1,096
26709	CFD	5-Dec-2011	1-Jan-2012	31-Dec-2014	90,486	Otahuhu	88.95	Not disputed	9-Dec-2011	1,096
26710	CFD	5-Dec-2011	1-Jan-2012	31-Dec-2013	17,193	Whakamaru	86.49	Not disputed	9-Dec-2011	731
26711	CFD	5-Dec-2011	1-Jan-2012	31-Dec-2013	13,333	Haywards	87.97	Not disputed	9-Dec-2011	731
26712	CFD	5-Dec-2011	1-Jan-2012	31-Dec-2013	5,439	Haywards	88.81	Not disputed	9-Dec-2011	731
26713	CFD	5-Dec-2011	1-Jan-2012	31-Dec-2013	34,737	Haywards	88.04	Not disputed	9-Dec-2011	731
26808	CFD	8-Dec-2011	1-Jan-2012	30-Jun-2012	1,747	Benmore	84.44	Verified	14-Dec-2011	182
26848	CFD	22-Dec-2011	1-Jan-2012	31-Mar-2013	43,776	Islington	92.23	Not disputed	15-Dec-2011	456

Excluded Contracts

No contracts met the exclusion criteria this month.

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